NATIONAL DAIRY MARKET AT A GLANCE

CHICAGO MERCANTILE EXCHANGE (CME) CASH MARKETS (04/07)
BUTTER: Grade AA closed at $1.1575. The weekly average for Grade AA is $1.1605 (+.0050).
CHEESE: Barrels closed at $1.1275 and blocks at $1.1600. The weekly average for barrels is $1.1335 (+.0020) and blocks, $1.1785 (+.0090).

BUTTER: At midweek, the cash butter price at the CME trended lower and finished the week at $1.1575. Producers and handlers are wondering if the market will be able to sustain this price level once all of the Easter trading has worked through the system. The central issues continue to be very heavy production, growing stocks, and lackluster demand for this time of the year. Churning activity is strong as fluid milk and cream supplies are heavier than many anticipated. Cream offerings to the churn are heavy and pricing multiples are lower. For the most part, Easter/Passover orders have been placed and shipped, with some last minute orders expected as the holiday approaches. Retail feature activity is not as widespread as historical seasonal patterns would indicate, but more are being noted. Some store brand features at 2# for $3.00 and branded butter at 2# for $4.00 are being reported in the Central part of the country with 2# for $5.00 for branded product reported in the West.

CHEESE: The cheese market is unsettled, but seems to be moving higher and lower within a trading range since early March. Improved spot interest tightened current supplies of a few natural American varieties including pepper jack. Mozzarella interest remains fairly good. Barrel supplies are very tight and process orders have improved seasonally. Cheese production is steady to heavier, unchanged where there are a few alternative milk facilities and/or intakes reached a plateau, but higher where milk receipts increased and/or management had limited production in recent weeks due to their profitability concern. Estimated 2006 cumulative cheddar production through February totals 512.7 million pounds, up 14.2 million pounds (2.8%) from the same period in 2005. Total cheese output totals 1.5 billion pounds during the first 2 months of 2006, up 28.9 million pounds (2.0%) from a year ago.

FLUID MILK: Milk production is increasing across most of the Western United States. The recent rains in California have impacted production only slightly so far, but seem to have tempered the growth pattern. Processors are working hard to handle current, heavy milk supplies and could be taxed over the upcoming holiday weekend when bottlers and smaller plants take some down days. New Mexico milk output is steady to slightly higher at seasonally high levels. More milk is being processed in state with new plant capacity over the past year. Output is steady to slightly higher in Utah and Idaho as temperatures are good for milk cows. Fat and protein tests are dropping slowly. Milk flow is steady in the Northwest with better weather noted. Milk intakes in the Upper Midwest have reached a plateau. Supplies are abundant for local needs. Additional loads continue to be offered for current and future needs. In more southern states, milk production is thought to be at or near seasonal peak levels. The Northeast milk supply is slightly higher with weekly gains reported. In the Southeast, milk is steady to higher with slight declines in tests recorded. Florida milk needs are steady and milk moves out of state to find processing homes. Nationally, seasonal dairy products are being made and utilizing additional volumes of cream. Holiday item placements are being finalized for the Easter/Passover sales and ice cream production is ramping up in some areas.

DRY PRODUCTS: Nonfat dry milk prices are lower and reflect the generally weaker market tone. Production remains high to process the heavy and often growing milk supplies in most areas. Exporting is fair, but not clearing the volumes of powder that were shipped last year. Demand is mainly light. Dry buttermilk prices have moved lower as producers try to stimulate buyer interest, but demand remains light. Dry whey prices are trading lower. Supplies are building for both producers and resellers. Buyers are cautious in a weak market. Whey protein concentrate prices continue to move lower. Offering volumes are heavy compared to the light demand. Drying remains active to process additional whey solids. Lactose prices are higher as second quarter contract prices become effective at higher levels. Offerings are tight, especially into the spot trade.

CCC: During the week of April 3 - 7, there was no dairy support activity.

DAIRY PRODUCTS (NASS): Butter production was 134.0 million pounds in February, 18.1% above February 2005 but 9.0% below January 2006. American type cheese production totaled 302.8 million pounds, 3.3% above February 2005 but 6.7% below January 2006. Total cheese output (excluding cottage cheese) was 718.6 million pounds, 1.6% above February 2005 but 7.0% below January 2006. Nonfat dry milk production, for human food, totaled 117.1 million pounds, 24.1% above February 2005 and 9.2% above January 2006. Dry whey production, for human food, was 80.8 million pounds, 9.1% above February 2005 but 1.6% below January 2006. Ice cream (hard) production totaled 62.9 million gallons, 2.0% below February 2005 but 1.8% above January 2006.

COMMERCIAL DISAPPEARANCE (ERS, AMS): Commercial disappearance of dairy products during the period of November 2005-January 2006 totals 45.5 billion pounds, 1.8% above the comparable period in 2004/05. Comparing disappearance levels with year earlier levels: butter is -0.8%; American cheese, -1.6%; other cheese, +2.3%; NDM, -16.0%; and fluid milk products, -0.3%.

FEBRUARY FLUID MILK SALES (AMS & CDIB): During February, about 4.3 billion pounds of packaged fluid milk products is estimated to have been sold in the United States. This was 1.2% higher than February 2005. On an individual product basis, sales of reduced fat (2%) milk, low fat milk (1%), fat-free (skim) milk, and buttermilk increased from February 2005, while sales of whole milk, flavored whole milk, and flavored fat-reduced milk decreased from a year earlier.

****SPECIALS THIS ISSUE****

CHICAGO MERCANTILE EXCHANGE
CASH TRADING

PRODUCT	MONDAY APRIL 3	TUESDAY APRIL 4	WEDNESDAY APRIL 5	THURSDAY APRIL 6	FRIDAY APRIL 7	WEEKLY CHANGE*	WEEKLY AVERAGE#
CHEESE							
BARRELS	$1.1375 (+.0025)	$1.1375 (N.C.)	$1.1375 (N.C.)	$1.1275 (-.0100)	$1.1275 (N.C.)	(-.0075)	$1.1335 (+.0020)
40# BLOCKS	$1.1725 (+.0050)	$1.1950 (+.0225)	$1.2050 (+.0100)	$1.1600 (-.0450)	$1.1600 (N.C.)	(-.0075)	$1.1785 (+.0090)
BUTTER							
GRADE AA	$1.1625 (+.0025)	$1.1675 (+.0050)	$1.1575 (-.0100)	$1.1575 (N.C.)	$1.1575 (N.C.)	(-.0025)	$1.1605 (+.0050)

CHEESE: carload = 40,000-44,000 lbs., BUTTER: carlot = 40,000-43,000 lbs. *Sum of daily changes. # Weekly averages are simple averages of the daily closing prices for the calendar week. Computed by Dairy Market News for informational purposes. This data is available on the Internet at WWW.AMS.USDA.GOV/MARKETNEWS.HTM **NOTE: CME NDM on Page 2. The CME will be closed Friday, April 14, for Good Friday.**

CHICAGO MERCANTILE EXCHANGE

MONDAY, APRIL 3, 2006

CHEESE — SALES: NONE; BIDS UNFILLED: 2 CARS BARRELS: 1 @ $1.1375, 1 @ $1.1350; 1 CAR 40# BLOCKS @ $1.1725; OFFERS UNCOVERED: NONE
BUTTER — SALES: NONE; BIDS UNFILLED: 5 CARS GRADE AA: 1 @ $1.1625, 3 @$1.1600, 1 @ $1.1550; OFFERS UNCOVERED: 1 CAR GRADE AA @ $1.2000

TUESDAY, APRIL 4, 2006

CHEESE — SALES: 2 CARS BARRELS: 1 @ $1.1425, 1 @ $1.1375; BIDS UNFILLED: 1 CAR 40# BLOCKS @ $1.1950; OFFERS UNCOVERED: 1 CAR BARRELS @ $1.1375
BUTTER — SALES: NONE; BIDS UNFILLED: 4 CARS GRADE AA: 1 @ $1.1675, 1 @ $1.1650, 2 @ $1.1625; OFFERS UNCOVERED: NONE

WEDNESDAY, APRIL 5, 2006

CHEESE — SALES: 1 CAR 40# BLOCKS @ $1.2000; BIDS UNFILLED: 1 CAR 40#BLOCKS @ $1.2050; OFFERS UNCOVERED: NONE
BUTTER — SALES: 6 CARS GRADE AA: 1 @ $1.1600, 1 @ $1.1575, 1 @ $1.1600,1 @ $1.1575, 1 @ $1.1600, 1 @ $1.1575; BIDS UNFILLED: 1 CAR GRADE AA @ $1.1550; OFFERS UNCOVERED: 4 CARS GRADE AA: 1 @ $1.1650, 2 @ $1.1675, 1 @ $1.1700

THURSDAY, APRIL 6, 2006

CHEESE — SALES: 2 CARS BARRELS: 1 @ $1.1400, 1 @ $1.1350; 4 CARS 40#BLOCKS: 1 @ $1.2000, 2 @ $1.1975, 1 @ $1.1600; BIDS UNFILLED: NONE; OFFERS UNCOVERED: 1 CAR BARRELS @ $1.1275; 1 CAR 40# BLOCKS @ $1.1600
BUTTER — SALES: 1 CAR GRADE AA @ $1.1600; BIDS UNFILLED: 1 CAR GRADE AA @ $1.1400; OFFERS UNCOVERED: 1 CAR GRADE AA @ $1.1575

FRIDAY, APRIL 7, 2006

CHEESE — SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: 1 CAR 40# BLOCKS @ $1.1800
BUTTER — SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: 1 CAR GRADE AA @ $1.1600

CME CASH NONFAT DRY MILK: Extra Grade closed the week at $0.8900 and Grade A at $0.8875. (The last price change for Extra Grade was January 24 and Grade A occurred February 1.) The weekly average for Extra Grade is $0.8900 (N.C.) and Grade A is $0.8875 (N.C.).

BUTTER MARKETS

FEBRUARY BUTTER PRODUCTION

During February 2006, butter production in the United States totaled 134.0 million pounds, 18.1% more than February 2005, but 9.0% less than January 2006. The following are February to February changes for various states: CA +32.2%, NY +7.9%, PA -7.6%, and WI +16.8%. Daily production for February 2006 totaled 4.79 million pounds, 4.75 million pound last month, and 4.05 million pounds per day in February 2005.

NORTHEAST

The butter market remains unsettled despite fractional price increases (through 4/3) during four of the last six trading sessions at the CME. Churning activity is heavy as fluid milk and cream supplies are heavier than many contacts anticipated. Most Easter/Passover orders have been shipped and producer stocks are growing. Reportedly, retail features are not as widespread as historical seasonal patterns would indicate, but more are being noted. Food service orders are improving as restaurateurs prepare for the usually busy Easter Sunday. Demand for bulk butter is lackluster. Sales of bulk butter f.o.b. East, are reported in a range from flat market to 3.0 cents over the CME price/average.

CENTRAL

At midweek, the cash butter price declined 1 cent to $1.1575, the lowest price in a week. The mid-week price compares to $1.5525 last year at this time, $2.0400 in 2004, and $1.0875 in 2003. Cream supplies remain available to butter operations, but some producers indicate that surplus offerings are lighter. They also indicate that pricing multiples are edging lower. Class II cream demand is seasonally active. Some cream based holiday product production continues, but for the most part, this demand has been filled. Ice cream production is increasing which is also absorbing some of the surplus volumes which would otherwise clear to the churn. Although pricing multiples are declining, some manufacturers are holding the line at not paying anymore than they are willing at this time, even if it means plant capacity might not be maximized. Holiday butter demand is being referred to as fair at best. Some producers and handlers state that holiday orders have been strong, while others are surprised at the lackluster buyer interest this year. Some retail feature activity is being reported, but lighter than anticipated, especially with prices much lower than recent years for spring. Food service orders have been good, but have dropped off as restaurants appear to have sufficient volumes to meet upcoming holiday needs. Bulk butter for spot sale is being reported in the flat – 2 cents per pound over various pricing basis.

WEST

Cash butter prices had held steady or increased for seven trading sessions until Wednesday of this week when prices declined one cent to stand at $1.1575. Contacts are wondering if the market will be able to sustain these price levels once all of the Easter trading has worked through the system. The central issues continue to be very heavy production, growing stocks, and lackluster demand for this time of year. Cream offerings continue to be above expectations. Some feature activity was noted at two pounds for $5. The overall number of features is less than anticipated. Class 2 or II product demand has certainly perked up, but some wonder if this is a short lived phenomenon. U.S. butter production in February totals 134.0 million pounds, up 18.1% from last year. Cumulative output for the first two months of the year has reached 281.2 million pounds, up 16.1% from the same period in 2005. This increase is 39.1 million pounds which works out to an average weekly increase in 2006 of 4.3 million pounds. The Western region in February produced 58.8 million pounds, up 23.6% (11.2 million pounds) from a year earlier. The West produced 44% of U.S. butter in February. CME weekly butter inventories grew by 3.8 million pounds last week to stand at 114.7 million pounds. Stocks have never been this high for this date outside of the 2003 year. Prices for bulk butter range from 2 cents under to 5 cents under based on the CME with various time frames and averages.

NASS DAIRY PRODUCT PRICES

U.S. AVERAGES AND TOTAL POUNDS

	CHEESE				
	40# BLOCKS	BARRELS	NDM	BUTTER	DRY WHEY
WEEK ENDING		38% MOISTURE			
APRIL 1	1.1655	1.1363	0.8418	1.1437	0.3176
	8,174,920	9,679,333	37,502,894	3,300,605	14,207,025

Further data and revisions may be found on the internet at: http://jan.mannlib.cornell.edu/reports/nassr/price/dairy

CHEESE MARKETS

NORTHEAST

Prices are mixed and the market tone is unsettled. Contacts are waiting for the CME cash cheese prices to find their level. Easter/Passover orders from retailers have been shipped and should be in stores this week. Food service orders are picking up in anticipation of the typically good Easter Sunday business. Eastern Cheese output is holding at moderate to heavy levels due to the growing volumes of surplus milk throughout the region. There is some concern about plant capacities during the upcoming spring flush. Cheese stocks are growing as production often outpaces current demand.

WHOLESALE SELLING PRICES: DELIVERED,
DOLLARS PER POUND (1000 - 5000 POUNDS MIXED LOTS)

Cheddar 10# Prints	:	1.2500-1.7700
Cheddar Single Daisies	:	1.2075-1.6925
Cheddar 40# Block	:	1.3100-1.5800
Process 5# Loaf	:	1.3425-1.5800
Process 5# Sliced	:	1.3625-1.5875
Muenster	:	1.3225-1.5225
Grade A Swiss Cuts 10 - 14#	:	2.4500-2.6500

MIDWEST

The cheese market is unsettled, firm for the short term, though with underlying weakness due to the expected large milk pool into summer. Buyers report difficulty in securing supplies of a few varieties of current American varieties, including flavored, as well as mozzarella. A few others report extra delays in scheduled bulk deliveries from the West. Others are having problems finding spot loads of current barrels packed in fiber. Emphasis continues on consumer and food service convenience natural products such as shreds and sliced, though at least one large retailer is promoting natural chunks. Process interest continues to pick up. A few processors/packagers need overtime to fill orders, only partly due to a scheduled holiday next week. Most plants have been limiting production to committed sale volumes and passing on producing spec loads. Cheese plant operators are likely to be more receptive to making more spot loads of cheese in April with milk and other production costs in better position compared to cheese and whey returns. Milk supplies available remain seasonally heavy though cheese yields are lower.

WISCONSIN WHOLESALE SELLING PRICES: DELIVERED,
DOLLARS PER POUND (1000 - 5000 POUNDS MIXED LOTS)

Process American 5# Loaf	:	1.4025-1.7400
Brick And/Or Muenster 5#	:	1.6900-1.7125
Cheddar 40# Block	:	1.5150-2.2650
Monterey Jack 10#	:	1.6900-2.2650
Blue 5#	:	2.0175-2.3700
Mozzarella 5 - 6# (Low Moisture, Part Skim)	:	1.3425-2.3650
Grade A Swiss Cuts 6 - 9#	:	2.3050-2.8400

WEEKLY COLD STORAGE HOLDINGS-SELECTED STORAGE CENTERS IN THOUSAND POUNDS - INCLUDING GOVERNMENT STOCKS

	BUTTER	CHEESE
04/03/06	35,804	131,699
03/01/06	30,370	132,576
CHANGE	5,434	-877
% CHANGE	18	-1

WEST

Cash block cheese prices at the CME showed some weakness last week and they are showing some strength this week. At midweek, the price settled at $1.2050. Some Western contacts were a little surprised to see this much strength. Some manufacturers and brokers believe that this move may get buyers off the fence and buy some additional cheese. Demand from processors is excellent because either they did not book enough earlier or demand is much better than anticipated. Number one blocks are clearing very well along with any barrel cheese. Under grade cheese is clearing in an orderly fashion and discounts are not as large. U.S. total cheese production in February reached 718.6 million pounds, up 1.6% from a year earlier. Cumulative output for the first two months of the year totals 1.49 billion pounds, up 2.0% from the same period last year. The increase in production from last year is 28.9 million pounds or an average weekly increase of 3.2 million pounds. In February, the West produced 306.6 million pounds of cheese, 3.6% (10.8 million pounds) more than last year. The Western region produced 43% of the cheese in the U.S. in February. Swiss output for the U.S. in February was 24.4 million pounds, up 11.6% from last year.

WHOLESALE SELLING PRICES: DELIVERED, DOLLARS PER POUND
(1000 - 5000 POUNDS MIXED LOTS)

Process 5# Loaf	:	1.2850-1.5425
Cheddar 40# Block	:	1.2900-1.6425
Cheddar 10# Cuts	:	1.4700-1.6900
Monterey Jack 10#	:	1.4800-1.6400
Grade A Swiss Cuts 6 - 9#	:	2.3500-2.7000

FOREIGN

Prices are unchanged to lower and the market tone is steady. Demand for foreign-type cheese is seasonally active as some types of cheese improve as we near Easter/Passover. Cheese supplies are adequate to meet needs. Despite reports of increasing cheese output in the EU, the market there is steady and stocks are in reasonable balance at this time.

WHOLESALE SELLING PRICES: FOB DISTRIBUTORS DOCK
DOLLARS PER POUND (1000 - 5000 POUNDS, MIXED LOTS)

	NEW YORK	
VARIETY	IMPORTED	DOMESTIC
Roquefort	TFEWR	-0-
Blue	2.6400-4.4300	1.5625-3.0525*
Gorgonzola	3.6900-5.9400	2.0725-2.4900*
Parmesan (Italy)	TFEWR	2.9775-3.0825*
Romano (Italy)	2.1000-3.1900	-0-
Provolone (Italy)	3.4400-6.0900	1.5625-1.8000*
Romano (Cows Milk)	-0-	2.7600-4.9025*
Sardo Romano (Argentine)	2.8500-3.2900	-0-
Reggianito (Argentine)	2.6900-3.2900	-0-
Jarlsberg-(Brand)	3.1200-4.1500	-0-
Swiss Cuts Switzerland	-0-	2.4500-2.6500
Swiss Cuts Finnish	2.5900-2.8500	-0-
Swiss Cuts Austrian	TFEWR	-0-
Edam		
2 Pound	TFEWR	-0-
4 Pound	2.1900-3.5600	-0-
Gouda, Large	TFEWR	-0-
Gouda, Baby ($/Dozen)		
10 Ounce	27.8000-31.7000	-0-

* = Price change.

FLUID MILK AND CREAM

E A S T

Spot shipments of Grade A milk into or out of Florida and other Southeastern states

	THIS WEEK		LAST WEEK		LAST YEAR	
	IN	OUT	IN	OUT	IN	OUT
FLORIDA	0	106	0	158	0	136
SOUTHEAST STATES	0	0	0	0	0	0

The following are the March 2006 Class and component prices under the Federal Milk Order pricing system: Class II $11.69 (down $.93 from February), Class III $11.11 (down $1.09), and Class IV $10.68 (down $.42). The following are the product price averages used in computing Class prices: butter $1.1647, NDM $0.8697, cheese $1.1612 and dry whey $0.3409. The Class II butterfat price is $1.2666 and the Class III/IV butterfat price is $1.2596. Milk production continues to increase in most of the Southeast while holding steady to slightly higher in the Northeast. Fat and protein tests are steady to lower, which is a typical pattern as milk output increases. Fluid milk supplies are excessive, but scattered improved Class I sales have helped ease volumes of surplus at some plants. Volumes are heaviest on weekends, but some extra down time at mid-week is welcomed. Most schools are back from spring break, but many will have some time off for Easter. Therefore, Class I milk needs have been and will continue to be on somewhat of a roller coaster during April. Florida's bottled milk needs are fairly steady despite the fact that most of the winter residents have left the state. Manufacturing plant contacts in the Northeast report steady, heavy volume of milk in the region. The condensed skim spot market is mixed, mostly weak. Buyers are aware of market condition and the availability of low-cost NDM, and are less willing to make spot purchases unless prices are discounted. Most producers are not yet willing to lower prices, which forces more skim through their dryers. A few suppliers are discounting prices and clearing decent volumes. The fluid cream market is mixed. Demand is starting to improve and supplies are not as heavy as they have been, but still in excess of current Class II and III needs. It seems that few loads are clearing to out-of-region churns and Class II demand is showing more promise. Spot prices are little changed from last week and the CME average butter price was virtually unchanged and multiples are generally steady. Ice cream production is increasing along seasonal patterns. Last weekend's summer-like weather gave soft serve mix sales a boost. Cream cheese output is mostly steady as most Easter/Passover orders have been shipped. Production of bottled cream, aerosol whipping cream, dips, and sour cream ranges from steady to improving. Churning activity is little changed at moderate to heavy levels.

FLUID CREAM AND CONDENSED SKIM PRICES IN TANKLOT QUANTITIES

SPOT PRICES OF CLASS II CREAM, $ PER LB BUTTERFAT	
F.O.B. Producing Plants: Northeast -	1.3288-1.4675
Delivered Equivalent Atlanta -	1.3288-1.4906 M 1.3866-1.4559
F.O.B. Producing Plants: Upper Midwest -	1.3635-1.4444
PRICES OF CONDENSED SKIM, $ PER LB SOLIDS	
F.O.B. PRODUCING PLANTS:	
Northeast- Class II - includes monthly formula prices -	.8900-1.0000
Northeast- Class III - spot prices -	.8800-.9800

M I D W E S T

Class I interest is uneven within the region. Lower announced Class I prices in April are helping to stimulate some additional retail features though some schools are out on break and others back in session. Class II production of sour cream, cottage cheese, and dips has increased for promotions and holiday use. Milk supplies remains abundant for local needs with supplemental volumes available from further south. Some plant operators have made milk deals lasting for a couple of months while others remain strictly spot buyers. Lower class prices may stimulate some additional buyer interest in extra milk though producers will be wary about building inventory just to look at it. Reported local spot manufacturing milk prices, on a light test, range from about -$0.50 to flat class, net to the seller. The small premiums paid are absorbed by the delivery cost of the milk. Cream demand is steady to improved. Ice cream production is generally steady. Milk intakes seem to be at a plateau in the upper sections of the region. Pasture growth remains minimal. High winds, tornadoes and rain blanketed much of the central and upper Midwest last weekend and slowed planting in many areas. While some small grain/seeding may have been sown in the upper tier of states, the ground temperature remains too cold for corn germination. Down in Texas, milk volumes are at or around peak levels with conditions conducive for milk production though still generally dry, which is likely to impact crop yields. Milk volumes remain heavy with some loads putting on a lot of miles before manufactured despite a new area plant in operation. Overall, fat and protein tests are drifting lower seasonally. Prices for comparable quality replacement heifers and cows were about steady to frequently higher than a couple months ago. Approved quality springing cows sold at a Wisconsin dairy auction sold for $1900 – 2250 per head and medium quality for $1600 – $2000. Approved quality springing heifers went for $1850 – $2100 and mediums, $1600 - $1800.

WISCONSIN LIVESTOCK AUCTIONS (PER CWT.)

	MAR 30 - APR 5	PREVIOUS YEAR
SLAUGHTER COWS	$ 48.00- 54.00	$ 55.00- 63.00
REPLACEMENT HEIFER CALVES	$300.00-550.00	$300.00-600.00

SOUTH ST. PAUL TERMINAL AUCTION MARKET (PER CWT.)

	MAR 30 - APR 5	PREVIOUS YEAR
SLAUGHTER COWS	$ 45.00- 55.00	$ 56.00- 66.50

W E S T

The March 4a price (butter/powder) in CALIFORNIA is $10.19, $0.39 lower than February and $2.12 less than last year. This compares to the Federal Order Class IV price for March at $10.68. The March 4b price (cheese) is $10.49, down 65 cents from February and $3.38 lower than last year. This compares to the Federal Order Class III price for March at $11.11. Alfalfa hay prices were surveyed for the Western region in March and indicate that prices are generally higher than a year ago. Surveyed prices ($/ton) and the changes from a year ago are as follows: Arizona $128, +$16; California $135, +$3; Colorado $102, +$18; Idaho $112, +$11; Nevada $120, +$8; New Mexico $124, n/c; Oregon $119, +$14; Utah $96, -$3; and Washington $115, +$15. The value for the U.S. is $100, +$4. The intended area to be harvested in these states is generally higher with only New Mexico and Oregon reporting plans to harvest less hay. The U.S. in total is expected to be down slightly from one year ago. CALIFORNIA milk production is mostly steady to higher. The recent trend upwards has been tempered by widespread rainfall across much of the Central Valley and the northern milk producing areas. The impact has been minimal yet, but the potential is that milk production could decline or the top taken off the upcoming flush. A major factor is that many dairies in these regions are under cover and the rains don't have the impact they once did. Processors are seeing lots of milk and several would not mind if the rains would take some of the milk increases. There are concerns over handling the milk supplies over the upcoming Easter weekend as schools recess and smaller processing plants take down days. Rains and wet conditions are affecting the alfalfa harvest. Stands in the Central Valley are ready for cutting. Fluid milk orders in the state are fair. Some bottlers are noting increases in demand as schools return from spring breaks, while other bottlers experience declines as schools they service go on break. Retail orders are steady. NEW MEXICO milk output is steady and continues at levels well above a year ago. The impact is due both to increased milk per cow and also due to more cows in the state. Plants are running well and more milk is being processed locally as capacity has increased over last year. The need to ship milk out of state for processing has lessened, but is still occurring. Bottled milk orders have increased over the last two weeks. Hay harvesting is two to three weeks away in the south. CREAM supplies are heavy in the region and surplus cream continues to end up at churns. Ice cream accounts are slowly beginning to build production seasonally. There has been pressure on cream multiples and overages this week and both have moved lower. Midwestern cream buyers have lowered their bids for cream, especially into butter plants. The CME butter price increased a 1/4 cent from a week ago to close at $1.1575 on Wednesday, April 6. Cream multiples range from 96 to 118 and vary depending on class usage and basing points. Weather patterns in the PACIFIC NORTHWEST have been similar for the past few weeks. Conditions are on the cool side with moisture every 2-4 days. The stress on the milking herds has not been too bad. The days are getting long enough that more drying is taking place between storms. Many producers are stating that their herds are peaking at about the normal time that they had anticipated. Some producers are beginning to run short of silage and hay. They do not anticipate new crop hay to be available for about eight weeks and their regular suppliers report being sold out of hay inventories. Buyers are beginning to scramble to find something. Some herds are offering heifers for sale to improve cash flow in the short run. They are not finding many buyers. Plants are expecting to be completely full next week over the Easter holiday weekend. They are also expressing some concern over the peak flush season later this spring. Temperatures in the 60's and 70's have been common in the dairy areas of UTAH and IDAHO. The milk flow is holding steady to increasing slightly. Tests are dropping slowly. Some spring field work is commencing. Hay supplies are tight, but are believed to be adequate. Some herds, especially in Idaho, are looking for heifers to finish up expansion plans. Most plants are operating at levels they are comfortable with and many do not see the need to take on extra milk at this time.

NDM, BUTTERMILK & WHOLE MILK

Prices represent carlot/trucklot quantities for domestic and export sales packaged in 25 kg. or 50 lb. bags, or totes, spray process, dollars per pound.

NONFAT DRY MILK - CENTRAL AND EAST

Central: Prices are mostly unchanged on a steady market. NDM dryer facilities are adequately handling seasonal increases in the milk supply. Increased NDM production is being partially offset by increased demand. Some buyers perceive current price levels as a market bottom and are thereby re-entering the market and making additional purchases. Offering prices from the West are noted near the support price of 80 cents. However, Central region buyers are more apt to buy from Central handlers due to the cost of shipping from the West. High heat production remains limited for the mainly contractual demand.
EAST: Prices are mostly steady, but there are still reports of discounted prices on multi-load (10-15) deals. The market tone remains weak. The NASS average NDM price (the basis for most NDM sales) increased about $.002 last week. Production levels remains heavy as most Eastern dryers report continued excessive volumes of surplus milk. Some plants were able to have a down day during the week, but most are drying daily. Eastern producers report that stocks are accumulating faster than expected for early April. Spot demand is lackluster as buyers realize that NDM will be readily available in the near future and continue to wait for better price or until they need to get back into the market. Export interest is about steady and some Eastern powder continues to clear to that outlet. For some buyers, the resale side of the market often offers better (lower) prices than direct from the producer. However, as producer prices drop into the mid 80's, those prices are becoming more competitive.
DAIRY PRODUCTS: Production of human food, nonfat dry milk during February 2006 totaled 117.1 million pounds, up 24.1% from February 2005 and 9.2% above January 2006. Month ending stocks, at 119.5 million pounds, are 51.5% above a year ago and 4.9% above last month. [Note: NASS NDM totals do not account for SMP production and stocks]

F.O.B. CENTRAL/EAST: Includes EXTRA GRADE and GRADE A
LOW/MEDIUM HEAT: .8300 - .9125 MOSTLY: .8300 - .8600
HIGH HEAT: .8900 - 1.0300

NONFAT DRY MILK - WEST

Western low/medium heat NDM prices continue to trend lower. Offerings are heavy from producers across the region. Exporting remains active, but at volumes and prices lower than last year. There have been no offerings to the CCC support program in several weeks. Contacts are debating whether the market will be able to clear all the building production and stocks in the coming months or if additional sales to CCC will be needed. Current production levels remain heavy to process the growing milk supplies. High heat prices are lower. The pace of the market is slow, especially for the spot market. Producers are making limited high heat as they maximize throughput. The available stocks are often earmarked for contracted needs. U.S. NDM production in February totaled 117.1 million pounds, 24.1% higher than last year and 9.2% more than last month. Cumulative production for the first two months is running 19.3% higher than in 2005. February production in the Western region totaled 84.7 million pounds, up 31.4% from last year. The West produced 72% of the U.S. total in February. California produced 57.7 million pounds, up 38.9% from February 2005. U.S. manufacturers' stocks at the end of February were reported at 119.5 million pounds, 51.5% more than last year and 4.9% higher than last month. [Note: NDM statistics may not include skim milk powder (SMP) and comparisons to last year may be affected.]

F.O.B. WEST: Includes EXTRA GRADE and GRADE A
LOW/MEDIUM HEAT: .8000 - .8650 MOSTLY: .8050 - .8150
HIGH HEAT: .8350 - .8975

CALIFORNIA MANUFACTURING PLANTS - NDM

WEEK ENDING	PRICE	TOTAL SALES	SALES TO CCC
March 31	$.8507	15,308,533	593,039
March 24	$.8164	7,432,157	436,243

Prices are weighted averages for Extra Grade and Grade A Nonfat Dry Milk, f.o.b. California manufacturing plants. Prices for both periods were influenced by effects of long-term contract sales. Total sales (pounds) include sales to CCC. Compiled by Dairy Marketing Branch, California Department of Food and Agriculture.

DRY BUTTERMILK - CENTRAL

Prices are unchanged to lower on a weak market. Production is steady to lower as ice cream users increase their intakes of condensed buttermilk. If condensed buttermilk demand continues to improve, stocks of dry buttermilk may be valuable into the summer months. However, with strong milk production, buttermilk production this summer is unlikely to be significantly tapered. Heavy stocks of dry buttermilk remain available at some locations. Block load offers are noted at a discount. Production of dry buttermilk during February 2006 totaled 6.3 million pounds, 16.6% more than February 2005 but 11.2% below January 2006. Month ending stocks, at 17.0 million pounds, are 147.6% above a year ago and 15.7% higher than January 2006.

F.O.B. CENTRAL: .7500 - .7900

DRY BUTTERMILK - NORTHEAST AND SOUTHEAST

Prices are mostly steady, but with little test to the market, producers are accumulating inventories. The market tone is weak and Northeastern prices remain nominal. Production levels are unchanged at moderate to heavy levels. Demand is seldom better than fair and buyers are looking for lower prices. Churning activity is still heavy. Dry buttermilk production during February 2006 totaled 6.3 million pounds, up 16.6% from last February 2005 and 11.2% less than January 2006. Month ending stocks, at 17.0 million pounds, are more than double a year ago and 15.7% more than a month ago.

F.O.B. NORTHEAST: .7800 - .8200
DELVD SOUTHEAST: .8000 - .8300

DRY BUTTERMILK - WEST

Prices continue to trend lower for buttermilk powder in the West. The market tone remains weak. Producer offerings remain heavy and they continue to offer lower prices for blocks of power. Demand is fair with a few buyers attempting to take a position if the price is favorable. Exporting has not yet materialized to clear product and feels the effects of restrictions and the fact that there are many protein and fat alternatives available. Current production levels are heavy as churners process building cream supplies. Condensed buttermilk sales are up slightly with some ice cream accounts starting to take condensed. U.S. dry buttermilk production in February totaled 6.3 million pounds, up 16.6 from last year but 11.2% less than January. Stocks at the end of February were 17.0 million pounds, 147.6% more than last year and 15.7% higher than last month.

F.O.B. WEST: .6200 - .7250 MOSTLY: .6500 - .7000

DRY WHOLE MILK - NATIONAL

Prices are nominal and unchanged. The market tone is steady. Production levels are generally geared to filling orders, which are seasonally light. Plant stocks are light. Dry whole milk production during February 2006 totaled 3.2 million pounds, up 13.9% from February 2005 and 37.4% more than January 2006. Recently, it was announced that CWT, the industry-operated self-help export program, accepted three bids to export 640 MT of whole milk powder: 600 MT (1,320,000 lbs.) to Turkey; 20 MT (44,000 lbs.) to Mexico; and an additional 20 MT (44,000 lbs.) to Viet Nam. This marks the first export assistance for dry whole milk.

F.O.B. PRODUCING PLANT: 1.1800 - 1.2400

WHEY, CASEIN & EVAPORATED MILK

Prices represent carlot/trucklot quantities for domestic and export sales packaged in 25 kg. or 50 lb. bags, or totes, spray process, dollars per pound.

DRY WHEY - CENTRAL

Prices are unchanged to lower on a weak market. Production is steady to higher as condensed whey filters steadily into traditional drying facilities and seasonal custom dryer operations. Condensed whey offerings are noted into feed facilities and WPC/lactose operations for the light interest. Dry whey offerings are at steady to lower prices, with heavier offers noted in the resale market. Some interest is noted into export markets with buyers bidding significantly lower in an attempt to stay ahead of weekly price changes. Feed grade whey is available at some locations for the light interest. Production of HUMAN FOOD, dry whey during February 2006 totaled 80.8 million pounds, 9.1% more than February 2005 but 1.6% below January 2006. Month ending stocks, at 36.2 million pounds, are 1.7% above a year ago but 3.6% less than January 2006. Production of ANIMAL FEED, dry whey during February 2006 totaled 5.3 million pounds, 8.5% less than February 2005 and 12.7% below January 2006. Month ending stocks, at 3.7 million pounds, are 4.2% lower than a year ago but 2.8% more than January 2006.

F.O.B. CENTRAL: .2800 - .3100 MOSTLY: .2850 - .3000
F.O.B. CENTRAL: ANIMAL FEED MILK REPLACER: .2600 - .2700

DRY WHEY - NORTHEAST AND SOUTHEAST

Prices continue to move lower and the market tone remains weak. Production levels are moderate to heavy as most cheese makers have ample milk available to them. Contract sales are clearing normal volumes, but there are a growing number of reports indicating that producers have extra loads to clear. Stocks are accumulating in the resale side of the market and price discounts (often below cost) are commonplace. As one reseller commented this week, "the market is melting before our eyes." Buyers are keenly aware that it is a buyers market and shopping for the best prices. Export interest is steady at best. Production of human food, dry whey during February totaled 80.8 million pounds, 9.1% more than February 2005 but 1.6% less than January 2006. Month ending stocks, at 36.2 million pounds, are 1.7% above last year but 3.6% less than a month ago. Production of animal feed, dry whey during February totaled 5.3 million pounds, 8.5% less than a year ago and 12.7% below January 2006.

F.O.B. NORTHEAST: EXTRA GRADE AND GRADE A: .3050 - .3475
DELVD SOUTHEAST: .3225 - .3350

DRY WHEY – WEST

Prices generally continue to weaken for Western whey powder. Lower prices are successful in moving offerings in a timely fashion. New export sales continue to occur. Production of dry whey is heavier as more whey solids are leaving other processing facilities and going into whey dryers. U.S. human food dry whey production for February totals 80.8 million pounds, up 9.1% from February 2005. Stocks at the end of the month total 36.2 million pounds up 1.7% from a year earlier. Production in the Western region totals 24.3 million pounds, up 13.8% from last year. In February, the West produced 30% of U.S. human food whey production.

NONHYGROSCOPIC: .3000 - .3525 MOSTLY: .3050 - .3225

WHEY PROTEIN CONCENTRATE - CENTRAL AND WEST

Prices are lower on a weak market. Steady cheese production is encouraging constant flows of condensed WPC into dryers. Because of heavier supplies available, some producers are attempting to divert condensed WPC volumes away from dryers and into feed or other end-use operations. Supplies of WPC 80% are readily available and directly competitive with WPC 34% for users that can adapt formulations. Demand is mostly hand-to-mouth as buyers await a market bottom. Off grade WPC is available for the light interest. Production of HUMAN AND ANIMAL WPC (25.0-49.9% PROTEIN) during February 2006 totaled 24.4 million pounds, 22.7% higher than February 2005 but 5.0% below January 2006. Manufacturers' end-of-month stocks totaled 18.0 million pounds, 30.3% higher than a year ago but 12.9% below last month. Production of HUMAN AND ANIMAL WPC (50.0-89.9% PROTEIN) during February 2006 totaled 8.4 million pounds, up 14.8% from February 2005 but 13.2% below January 2006. Manufacturers' end-of-month stocks totaled 10.9 million pounds, 4.9% above last year but 16.9% lower than last month.

F.O.B. EXTRA GRADE 34% PROTEIN: .6000 - .6500 MOSTLY: .6200 - .6500

LACTOSE - CENTRAL AND WEST

Prices are higher on a firm market. Some second quarter lactose contracts remain to be settled but most are complete. Lactose trade is predominantly contractual with nearly no available supplies for the spot market. Production is generally steady. Dry whey permeate is an attractive substitute to lactose users that can reformulate. With current price trends, whey markets are expected to be priced comparably to lactose, indicating a lower perceived value for protein compared to carbohydrate in the market. Lactose production during February 2006 totaled 51.9 million pounds, down 1.6% from February 2005 and 12.7% lower than January 2006. Month ending stocks, at 42.1 million pounds, are 36.1% lower than a year ago and 4.5% below last month.

Including spot sales and up to 3 month contracts. Mesh size 30 - 100.
F.O.B. EDIBLE: .2400 - .2850 MOSTLY: .2500 - .2650

CASEIN – NATIONAL

Casein prices are lower, but often not as low as many buyers anticipated. Traders and handlers state that rennet supplies are sufficient to fill buyers' needs with prices soft. However, acid offerings are less available, that market is strong, and prices are steady to slightly lower. Reports of lower priced casein remain in the market place. In most instances, these offerings are not produced in Europe or Oceaina and buyers are hesitant to take advantage of the offerings. Casein production in Oceania is lower as the milk production season winds down. In Europe, questionable casein returns and slower milk production development are slowing overall casein output. Some early season reports indicate that European output is 10% behind last year.

SPOT SALES AND UP TO 3 MONTH CONTRACTS. PRICES ARE F.O.B., U.S. WAREHOUSE FOR EDIBLE NONRESTRICTED AND VARY ACCORDING TO MESH SIZE AND QUALITY.

RENNET: 3.0000 - 3.1500
ACID: 3.0800 - 3.2000

EVAPORATED MILK - NATIONAL

Prices and the market tone are steady. Production levels remain moderate to heavy as milk volumes remain heavier than expected for early April. Retail sales are slow to fair. Canned evaporated milk production during February totaled 36.9 million pounds, 1.6% less than February 2005 but 3.6% more than January 2006. Month ending stocks, at 54.3 million pounds, are 34.5% above a year ago and 30.8% more than last month.

DOLLARS PER 48 - 12 FLUID OUNCE CANS PER CASE DELIVERED MAJOR U.S. CITIES $21.20 - 36.00
Excluding promotional and other sales allowances. Included new price announcements.

MONTHLY SUMMARY AND AVERAGES FOR MARCH 2006 1/ - (UNLESS OTHERWISE NOTED, PRICES ARE DOLLARS PER POUND, CL/TL)

COMMODITY	REPORT NUMBER 9 MAR 01 - 03	REPORT NUMBER 10 MAR 06 - 10	REPORT NUMBER 11 MAR 13 - 17	REPORT NUMBER 12 MAR 20 - 24	REPORT NUMBER 13 MAR 27 - 31	2006 Average or Total	2005 Average or Total
CHEESE							
WISCONSIN (WSP, Delivered, LTL)							
-- Process American 5# Loaf	1.3900 - 1.7900	1.3750 - 1.7900	1.3850 - 1.7900	1.4000 - 1.7400	1.3975 - 1.7400	1.5789	1.8401
-- Brick And/Or Muenster 5#	1.6950 - 1.8200	1.6700 - 1.8200	1.6900 - 1.8200	1.6900 - 1.7250	1.6900 - 1.7275	1.7328	2.0386
-- Cheddar 40# Block	1.4975 - 2.2650	1.4725 - 2.2650	1.4925 - 2.2650	1.5275 - 2.2650	1.5300 - 2.2650	1.8848	2.0702
-- Monterey Jack 10#	1.7375 - 2.2650	1.7125 - 2.2650	1.7325 - 2.2650	1.6900 - 2.2650	1.6900 - 2.2650	1.9877	2.1729
-- Blue 5#	2.0000 - 2.5000	1.9750 - 2.5000	1.9950 - 2.5000	2.0300 - 2.3700	2.0325 - 2.3700	2.2253	2.5370
-- Mozzarella 5 - 6#	1.3250 - 2.3650	1.3000 - 2.3650	1.3200 - 2.3650	1.3550 - 2.3650	1.3575 - 2.3650	1.8485	2.0932
-- Grade A Swiss Cuts 6 - 9#	2.4300 - 2.8900	2.4050 - 2.8900	2.4050 - 2.8900	2.4050 - 2.8400	2.4050 - 2.8400	2.6383	2.6348
NORTHEAST (WSP, Delivered, LTL)							
-- Cheddar 10# Prints	1.2325 - 1.7525	1.2075 - 1.7275	1.2275 - 1.7475	1.2625 - 1.7825	1.2650 - 1.7850	1.4996	1.8476
-- Cheddar Single Daisies	1.1900 - 1.6750	1.1650 - 1.6500	1.1850 - 1.6700	1.2200 - 1.7050	1.2225 - 1.7075	1.4396	1.7851
-- Cheddar 40# Block	1.2900 - 1.5625	1.2650 - 1.5375	1.2850 - 1.5575	1.3200 - 1.5925	1.3250 - 1.5950	1.4336	1.7931
-- Process 5# Loaf	1.3400 - 1.5800	1.3150 - 1.5550	1.3250 - 1.5650	1.3400 - 1.5800	1.3400 - 1.5775	1.4510	1.7920
-- Process 5# Sliced	1.3600 - 1.5875	1.3350 - 1.5625	1.3450 - 1.5725	1.3600 - 1.5875	1.3600 - 1.5850	1.4648	1.8164
-- Muenster	1.3050 - 1.5050	1.2800 - 1.4800	1.3000 - 1.5000	1.3350 - 1.5350	1.3375 - 1.5375	1.4121	1.8639
-- Grade A Swiss Cuts 10 - 14#	2.4500 - 2.6500	2.4500 - 2.6500	2.4500 - 2.6500	2.4500 - 2.6500	2.4500 - 2.6500	2.5500	2.5500
WEST COAST (WSP, Delivered, LTL)							
-- Process 5# Loaf	1.2825 - 1.5400	1.2575 - 1.5150	1.2675 - 1.5250	1.2825 - 1.5400	1.2825 - 1.5400	1.4026	1.7602
-- Cheddar 40# Block	1.2675 - 1.6200	1.2425 - 1.5950	1.2650 - 1.6175	1.3000 - 1.6525	1.3000 - 1.6525	1.4519	1.8214
-- Cheddar 10# Cuts	1.4475 - 1.6675	1.4225 - 1.6425	1.4450 - 1.6650	1.4800 - 1.7000	1.4800 - 1.7000	1.5657	1.9351
-- Monterey Jack 10#	1.4575 - 1.6175	1.4325 - 1.5925	1.4550 - 1.6150	1.4900 - 1.6500	1.4900 - 1.6500	1.5457	1.9151
-- Grade A Swiss Cuts 6 - 9#	2.2500 - 2.7000	2.2500 - 2.7000	2.2500 - 2.7000	2.3500 - 2.7000	2.3500 - 2.7000	2.4967	2.4750
FLUID PRODUCTS							
SPOT PRICES OF CLASS II CREAM ($ per lb. butterfat)							
-- Northeast - f.o.b	1.3543 - 1.4816	1.3911 - 1.5219	1.3590 - 1.4867	1.3461 - 1.5217	1.3052 - 1.4669	1.4239	1.9876
-- Atlanta - dlvd. equiv.	1.3659 - 1.5048	1.4030 - 1.5338	1.3706 - 1.5100	1.3578 - 1.5217	1.3283 - 1.4900	1.4389	1.9998
-- Upper Midwest - f.o.b	1.2964 - 1.4700	1.3317 - 1.4863	1.3357 - 1.4519	1.3812 - 1.4631	1.3629 - 1.4438	1.4040	1.9622
PRICES OF CONDENSED SKIM - NORTHEAST ($ per lb. wet solids) - f.o.b.							
-- Class II	0.9800 - 1.0900	0.9600 - 1.0400	0.9300 - 1.0400	0.9300 - 1.0400	0.9300 - 1.0400	0.9948	0.9950
-- Class III	0.9600 - 1.1000	0.9500 - 1.0400	0.9500 - 1.0400	0.9500 - 1.0400	0.9500 - 1.0400	0.9996	1.1435
NATIONAL EVAPORATED MILK ($ per Case) (Case - 48 - 12 fluid oz cans)							
-- Delivered Major U.S. Cities	19.5000 -30.0000	19.5000 -30.0000	19.5000 -30.0000	21.2000 -36.0000	21.2000 -36.0000	26.4239	26.0000

MONTHLY SUMMARY AND AVERAGES FOR MARCH 2006 1/ - (UNLESS OTHERWISE NOTED, PRICES ARE DOLLARS PER POUND, CL/TL)

COMMODITY	REPORT NUMBER 9 MAR 01 - 03	REPORT NUMBER 10 MAR 06 - 10	REPORT NUMBER 11 MAR 13 - 17	REPORT NUMBER 12 MAR 20 - 24	REPORT NUMBER 13 MAR 27 - 31	2006 Average or Total	2005 Average or Total
DRY PRODUCTS							
NONFAT DRY MILK							
-- Central And East (f.o.b.)							
-- Low/Medium Heat	0.8400 - 0.9300	0.8300 - 0.9125	0.8300 - 0.9425	0.8300 - 0.9300	0.8300 - 0.9175	0.8788	0.9642
-- Mostly	0.8400 - 0.8800	0.8400 - 0.8600	0.8400 - 0.8600	0.8300 - 0.8600	0.8300 - 0.8600	0.8491	0.9521
-- High Heat	0.9200 - 1.0500	0.9025 - 1.0300	0.9300 - 1.0300	0.9100 - 1.0300	0.8900 - 1.0300	0.9711	1.0242
-- West (f.o.b)							
-- Low/Medium Heat	0.8100 - 0.8950	0.8000 - 0.8650	0.8000 - 0.8950	0.7950 - 0.8800	0.7950 - 0.8775	0.8403	0.9368
-- Mostly	0.8300 - 0.8775	0.8200 - 0.8300	0.8100 - 0.8200	0.8100 - 0.8200	0.8100 - 0.8200	0.8222	0.9268
-- High Heat	0.9000 - 0.9300	0.8800 - 0.9200	0.8400 - 0.9275	0.8350 - 0.9125	0.8350 - 0.9025	0.8859	0.9534
WHEY POWDER (Nonhygroscopic)							
-- Central (f.o.b.)	0.3000 - 0.3675	0.3000 - 0.3625	0.2950 - 0.3525	0.2950 - 0.3300	0.2850 - 0.3175	0.3193	0.2488
-- Mostly	0.3425 - 0.3525	0.3200 - 0.3475	0.3125 - 0.3325	0.3000 - 0.3225	0.2950 - 0.3050	0.3209	0.2446
-- West (f.o.b.)	0.3200 - 0.3750	0.3200 - 0.3700	0.3100 - 0.3600	0.3100 - 0.3600	0.3100 - 0.3525	0.3380	0.2726
-- Mostly	0.3350 - 0.3600	0.3300 - 0.3550	0.3200 - 0.3500	0.3150 - 0.3400	0.3100 - 0.3325	0.3336	0.2708
-- Northeast (f.o.b.)	0.3550 - 0.3750	0.3550 - 0.3750	0.3450 - 0.3750	0.3275 - 0.3700	0.3150 - 0.3600	0.3544	0.2569
-- Southeast (Delvd)	0.3725 - 0.4100	0.3725 - 0.3925	0.3575 - 0.3700	0.3475 - 0.3600	0.3325 - 0.3500	0.3643	0.2771
WHEY PROTEIN CONCENTRATE							
-- Central And West (f.o.b.)							
-- Extra Grade 34% Protein	0.6950 - 0.7450	0.6800 - 0.7350	0.6500 - 0.7300	0.6225 - 0.7025	0.5950 - 0.7000	0.6825	0.7980
-- Mostly	0.7150 - 0.7350	0.6950 - 0.7250	0.6800 - 0.7050	0.6500 - 0.6900	0.6300 - 0.6700	0.6864	0.7816
ANIMAL FEED - WHEY							
-- Central (f.o.b.)							
-- Milk Replacer	0.3000 - 0.3400	0.3000 - 0.3375	0.3000 - 0.3225	0.2900 - 0.3075	0.2600 - 0.2850	0.3029	0.2228
BUTTERMILK (Min. 30% protein)							
-- Central (f.o.b.)	0.7900 - 0.8825	0.7800 - 0.8775	0.7800 - 0.8750	0.7500 - 0.8275	0.7500 - 0.8275	0.8121	0.9792
-- West (f.o.b.)	0.7900 - 0.8300	0.7500 - 0.8200	0.6800 - 0.8100	0.6800 - 0.7900	0.6200 - 0.7500	0.7470	0.9518
-- Mostly	0.8000 - 0.8100	0.7800 - 0.8000	0.7000 - 0.7900	0.6900 - 0.7500	0.6800 - 0.7300	0.7485	0.9408
-- Northeast (f.o.b.)	0.8125 - 0.8800	0.8300 - 0.8400	0.8200 - 0.8400	0.8200 - 0.8400	0.7800 - 0.8200	0.8267	0.9500
-- Southeast (Delvd)	0.8525 - 0.8825	0.8525 - 0.8600	0.8400 - 0.8550	0.8200 - 0.8500	0.8000 - 0.8300	0.8422	0.9750
WHOLE MILK POWDER							
-- National (f.o.b.)	1.3050 - 1.3200	1.2000 - 1.2400	1.2000 - 1.2600	1.1800 - 1.2400	1.1800 - 1.2400	1.2299	1.3221
LACTOSE							
-- Central And West (f.o.b.)	0.2200 - 0.2800	0.2200 - 0.2800	0.2200 - 0.2800	0.2200 - 0.2800	0.2200 - 0.2800	0.2500	0.1841
-- Mostly	0.2300 - 0.2550	0.2300 - 0.2550	0.2300 - 0.2550	0.2300 - 0.2550	0.2300 - 0.2600	0.2430	0.1750
CASEIN - Edible - National (f.o.b.)							
-- Nonrestricted - Rennet	3.1500 - 3.2700	3.1500 - 3.2700	3.1500 - 3.2700	3.1500 - 3.2700	3.1500 - 3.2700	3.2100	3.2850
-- Nonrestricted - Acid	3.0800 - 3.2700	3.0800 - 3.2700	3.0800 - 3.2700	3.0800 - 3.2700	3.0800 - 3.2700	3.1750	3.3100

1/ Prices for all products are issued once a week and represent a value for the entire week. Monthly averages are based on weekly prices and are time-weighted according to the number of workdays in the month - Saturdays, Sundays and National Holidays excluded. No monthly average is computed if one or more weekly prices are missing.

CHICAGO MERCANTILE EXCHANGE AVERAGES FOR MARCH 2006

COMMODITY	REPORT NUMBER 9 MAR 1 - 3	REPORT NUMBER 10 MAR 6 - 10	REPORT NUMBER 11 MAR 13 - 17	REPORT NUMBER 12 MAR 20 - 24	REPORT NUMBER 13 MAR 27 - 31	2006 * Monthly Average	2005 * Monthly Average
BUTTER*							
-- GRADE AA							
--Monday		1.1600	1.1675	1.1600	1.1500		
--Tuesday		1.1600	1.1700	1.1550	1.1550		
--Wednesday	1.1800	1.1600	1.1700	1.1550	1.1550		
--Thursday	1.2150	1.1625	1.1750	1.1550	1.1575		
--Friday	1.2175	1.1650	1.1700	1.1500	1.1600	1.1663	1.5527
--Weekly Average**	1.1890	1.1615	1.1705	1.1550	1.1555		
CHEESE*							
-- BARRELS							
--Monday		1.1050	1.1300	1.1275	1.1300		
--Tuesday		1.1050	1.1300	1.1275	1.1300		
--Wednesday	1.1050	1.1050	1.1300	1.1275	1.1300		
--Thursday	1.1050	1.1300	1.1300	1.1300	1.1325		
--Friday	1.1050	1.1300	1.1350	1.1300	1.1350	1.1237	1.4931
--Weekly Average**	1.1050	1.1150	1.1310	1.1285	1.1315		
-- 40# BLOCKS							
--Monday		1.1225	1.1800	1.1825	1.1850		
--Tuesday		1.1250	1.1800	1.1825	1.1650		
--Wednesday	1.1250	1.1300	1.1800	1.1850	1.1650		
--Thursday	1.1225	1.1700	1.1800	1.1850	1.1650		
--Friday	1.1225	1.1800	1.1825	1.1850	1.1675	1.1638	1.5317
--Weekly Average**	1.1245	1.1455	1.1805	1.1840	1.1695		
NONFAT DRY MILK*							
-- EXTRA GRADE							
--Monday		0.8900	0.8900	0.8900	0.8900		
--Tuesday		0.8900	0.8900	0.8900	0.8900		
--Wednesday	0.8900	0.8900	0.8900	0.8900	0.8900		
--Thursday	0.8900	0.8900	0.8900	0.8900	0.8900		
--Friday	0.8900	0.8900	0.8900	0.8900	0.8900	0.8900	0.9435
--Weekly Average**	0.8900	0.8900	0.8900	0.8900	0.8900		
-- GRADE A							
--Monday		0.8875	0.8875	0.8875	0.8875		
--Tuesday		0.8875	0.8875	0.8875	0.8875		
--Wednesday	0.8875	0.8875	0.8875	0.8875	0.8875		
--Thursday	0.8875	0.8875	0.8875	0.8875	0.8875		
--Friday	0.8875	0.8875	0.8875	0.8875	0.8875	0.8875	0.9835
--Weekly Average**	0.8875	0.8875	0.8875	0.8875	0.8875		

* Monthly averages are a simple average of all the closes during the month. Weekly and monthly averages are independent calculations.
** Weekly averages are simple averages of the closes during the calendar week and are for information purposes. Should the week be split between two months, the weekly average will appear in the monthly report in which the Friday close is reported.

FEDERAL MILK ORDER CLASS AND COMPONENT PRICES, MARCH

Component Price Information: Under the Federal milk order pricing system, the butterfat price for March 2006 is $1.2596 per pound. Thus, the Class II butterfat price is $1.2666. The protein and other solids prices for March are $1.8836 and $0.1874 per pound, respectively. These component prices set the Class III skim milk price at $6.94 per cwt. The March Class IV skim milk price is $6.50 which is derived from the nonfat solids price of $0.7224 per pound. **Product Price Averages:** The product price averages for March are: butter $1.1647, nonfat dry milk $0.8697, cheese $1.1612, and dry whey $0.3409.

FEDERAL MILK ORDER MINIMUM CLASS PRICES FOR MILK OF 3.5 PERCENT BUTTERFAT 1/ 2/

FEDERAL MILK ORDER MARKETING AREAS 3/	ORDER NUMBER	MARCH 2006				APRIL 2006
		CLASS I	CLASS II	CLASS III	CLASS IV	CLASS I
		DOLLARS PER 100 POUNDS				
Northeast (Boston) 4/	001	15.74	11.69	11.11	10.68	14.47
Appalachian (Charlotte) 5/	005	15.59	11.69	11.11	10.68	14.32
Southeast (Atlanta) 6/	007	15.59	11.69	11.11	10.68	14.32
Florida (Tampa) 7/	006	16.49	11.69	11.11	10.68	15.22
Mideast (Cleveland) 8/	033	14.49	11.69	11.11	10.68	13.22
Upper Midwest (Chicago) 9/	030	14.29	11.69	11.11	10.68	13.02
Central (Kansas City) 10/	032	14.49	11.69	11.11	10.68	13.22
Southwest (Dallas) 11/	126	15.49	11.69	11.11	10.68	14.22
Arizona-Las Vegas (Phoenix) 12/	131	14.84	11.69	11.11	10.68	13.57
Pacific Northwest (Seattle) 13/	124	14.39	11.69	11.11	10.68	13.12
All-Market Average	---	15.14	11.69	11.11	10.68	13.87

1/ To convert the Class I price per 100 pounds to the Class I price per gallon, divide 11.63--the approximate number of gallons in 100 pounds of milk.
2/ Note: The mandatory $0.20 per cwt. processor assessment under the Fluid Milk Promotion Order is not included in the Class I prices shown on this table.
3/ Names in parentheses are the major city in the principal pricing point of the market.
4/ Class I prices at other cities are: New York City, minus $0.10; Philadelphia, minus $0.20; Baltimore, minus $0.25; and Washington, DC, minus $0.25.
5/ Class I prices at other cities are: Knoxville, minus $0.30 and Louisville, minus $0.90.
6/ Class I prices at other cities are: New Orleans; plus $0.50; Memphis, minus $0.30; Nashville, minus $0.50; and Springfield, Mo., minus $0.90.
7/ Class I prices at other cities are: Orlando, same; Miami, plus $0.30; and Jacksonville, minus $0.30.
8/ Class I prices at other cities are: Indianapolis, same; Cincinnati, plus $0.20; Pittsburgh, plus $0.10; and Detroit, minus $0.20.
9/ Class I prices at other cities are: Milwaukee, minus $0.05; and Minneapolis, minus $0.10.
10/ Class I prices at other cities are: Des Moines, minus $0.20; Omaha, minus $0.15; Oklahoma City, plus $0.60; St. Louis, same; and Denver, plus $0.55.
11/ Class I prices at other cities are: Houston, plus $0.60; San Antonio, plus $0.45; Albuquerque, minus $0.65; and El Paso, minus $0.75.
12/ Class I price at Las Vegas is minus $0.35.
13/ Class I prices at other cities are: Portland, same; and Spokane, same.

FEBRUARY 2006 DAIRY PRODUCTS HIGHLIGHTS

BUTTER production was 134.0 million pounds in February, 18.1 percent above February 2005 but 9.0 percent below January 2006. **AMERICAN TYPE CHEESE** production totaled 302.8 million pounds, 3.3 percent above February 2005 but 6.7 percent below January 2006. **TOTAL CHEESE** output (excluding cottage cheese) was 718.6 million pounds, 1.6 percent above February 2005 but 7.0 percent below January 2006. **NONFAT DRY MILK** production, for human food, totaled 117.1 million pounds, 24.1 percent above February 2005 and 9.2 percent above January 2006. **DRY WHEY** production, for human food, was 80.8 million pounds, 9.1 percent above February 2005 but 1.6 percent below January 2006. **ICE CREAM** (hard) production totaled 62.9 million gallons, 2.0 percent below February 2005 but 1.8 percent above January 2006.

PRODUCTION OF DAIRY PRODUCTS

PRODUCT	FEB 2006	PERCENT CHANGE FROM:			PRODUCT	FEB 2006	PERCENT CHANGE FROM:		
	1,000 LBS.	FEB 2005	JAN 2006	YEAR TO DATE 1/		1,000 LBS.	FEB 2005	JAN 2006	YEAR TO DATE 1/
BUTTER	133,996	18.1	-9.0	16.1	SOUR CREAM	77,966	3.5	-4.1	4.6
CHEESE					YOGURT (PLAIN AND FLAVORED)	238,249	0.3	-5.6	6.5
AMERICAN TYPES 2/	302,764	3.3	-6.7	1.9	CONDENSED WHEY, SOLIDS CONTENT 6/				
CHEDDAR	246,926	4.0	-7.1	2.8	SWEET-TYPE, HUMAN FOOD	7,779	46.9	-6.7	---
SWISS	24,446	11.6	-6.5	---	DRY WHEY PRODUCTS				
BRICK & MUENSTER	7,712	47.3	-5.3	---	DRY WHEY, HUMAN FOOD	80,820	9.1	-1.6	---
CREAM & NEUFCHATEL	46,214	-11.0	-14.9	---	DRY WHEY, ANIMAL FEED	5,303	-8.5	-12.7	---
HISPANIC	13,683	3.6	1.2	---	DRY WHEY, TOTAL	86,123	7.8	-2.4	5.0
MOZZARELLA	242,545	1.4	-6.6	2.3	REDUCED LACTOSE AND MINERALS				
OTHER ITALIAN TYPES	64,849	3.8	-5.7	4.1	HUMAN FOOD	3,440	-3.3	-8.5	---
TOTAL ITALIAN TYPES	307,394	1.9	-6.4	2.7	ANIMAL FEED	3,642	-4.4	-10.3	
ALL OTHER TYPES	16,363	-19.0	-5.7	---	LACTOSE, HUMAN FOOD & ANIMAL FEED	51,855	-1.6	-12.7	---
TOTAL	718,576	1.6	-7.0	2.0`	WHEY PROTEIN CONCENTRATE				
COTTAGE CHEESE, CURD 3/	33,682	-2.5	-4.4	---	HUMAN FOOD 7/	28,311	22.1	-6.4	---
COTTAGE CHEESE, CREAM 4/	27,121	-2.9	-2.4	-4.4	ANIMAL FEED 7/	4,419	11.9	-12.3	---
COTTAGE CHEESE, LOWFAT 5/	30,218	-4.1	-4.4	1.4	FROZEN PRODUCTS	1,000 GALLONS	PERCENT CHANGE FROM:		
CANNED EVAPORATED & CONDENSED					ICE CREAM (HARD)	62,925	-2.0	1.8	0.1
WHOLE MILK	36,861	-1.6	3.6	---	ICE CREAM, LOWFAT (HARD)	7,926	-4.1	-3.9	---
DRY WHOLE MILK	3,213	13.9	37.4	---	ICE CREAM, LOWFAT (SOFT)	17,189	-13.3	---	---
NONFAT DRY MILK, HUMAN FOOD	117,106	24.1	9.2	19.3	ICE CREAM, LOWFAT (TOTAL)	25,115	-10.6	-1.3	-8.3
DRY SKIM MILK, ANIMAL FEED	397	-2.0	-7.2	---	SHERBET (HARD)	4,239	3.0	8.9	-2.1
DRY BUTTERMILK	6,287	16.6	-11.2	---	YOGURT (TOTAL)	4,622	3.7	11.9	-3.9

MANUFACTURERS' STOCKS, END OF MONTH 8/

PRODUCT	FEB 2006	PERCENT OF:		PRODUCT	FEB 2006	PERCENT OF:	
	1,000 LBS.	FEB 2005	JAN 2006		1,000 LBS.	FEB 2005	JAN 2006
DRY WHEY PRODUCTS				WHEY PROTEIN CONCENTRATE			
DRY WHEY, HUMAN FOOD	36,161	1.7	-3.6	HUMAN FOOD	26,982	20.7	-14.0
DRY WHEY, ANIMAL FEED	3,653	-4.2	2.8	ANIMAL FEED	1,946	4.2	-18.5
REDUCED LACTOSE & MINERALS—HUMAN & ANIMAL 9/	5,013	3.7	6.8	CANNED EVAPORATED & CONDENSED WHOLE MILK	54,312	34.5	30.8
LACTOSE, HUMAN FOOD & ANIMAL FEED	42,069	-36.1	-4.5	NONFAT DRY MILK FOR HUMAN FOOD	119,506	51.5	4.9
DRY BUTTERMILK, TOTAL	17,008	147.6	15.7				

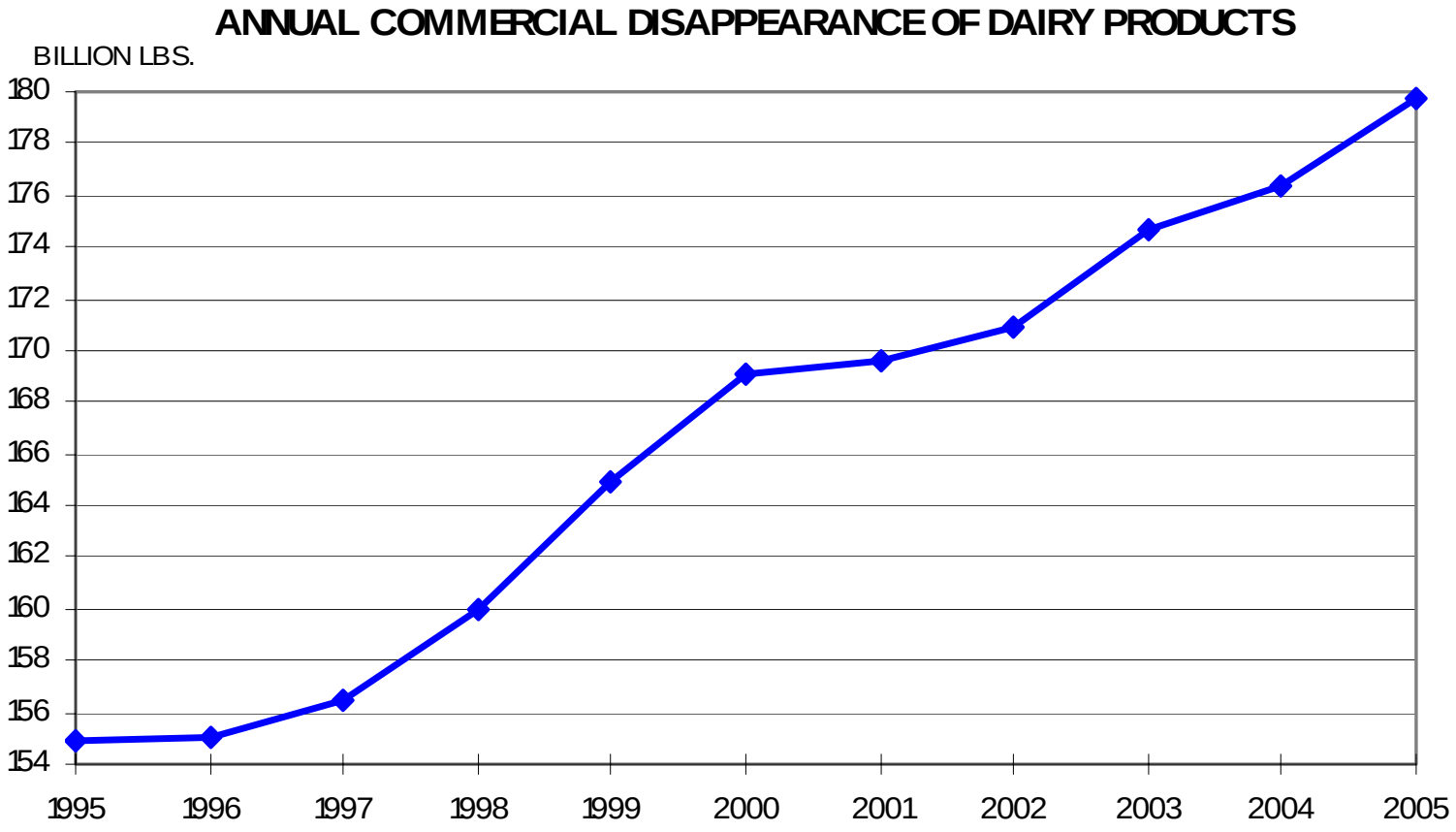
1/ 2006 cumulative as percent change of 2005 cumulative. 2/ Includes Cheddar, colby, monterey and jack. 3/ Mostly used for processing into cream or lowfat cottage cheese. 4/ Fat content 4 percent or more. 5/ Fat content less than 4 percent. 6/ Final marketable product only. Does not include quantity used or shipped to another plant for further processing into dry whey or modified whey products. Does not include sweet-type, animal whey. 7/ Whey Protein Concentrate, 25.0 to 89.9 percent. 8/ Stocks held by manufacturers at all points and in transit. 9/ Reduced lactose and minerals stocks combined to avoid disclosure of individual operations.

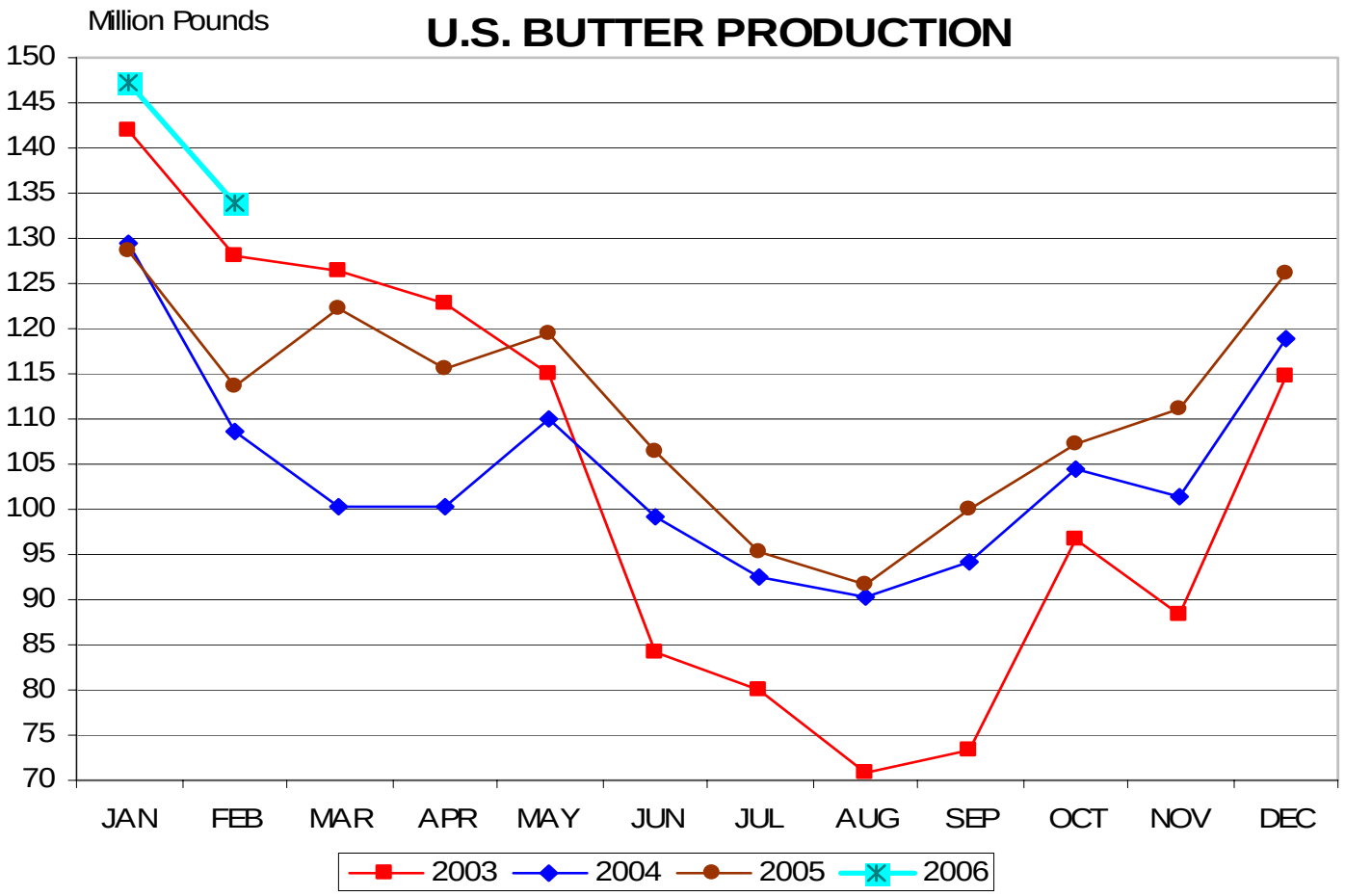
SOURCE: "Dairy Products," Da 2-6 (4-06), Agricultural Statistics Board, National Agricultural Statistics Service, USDA.

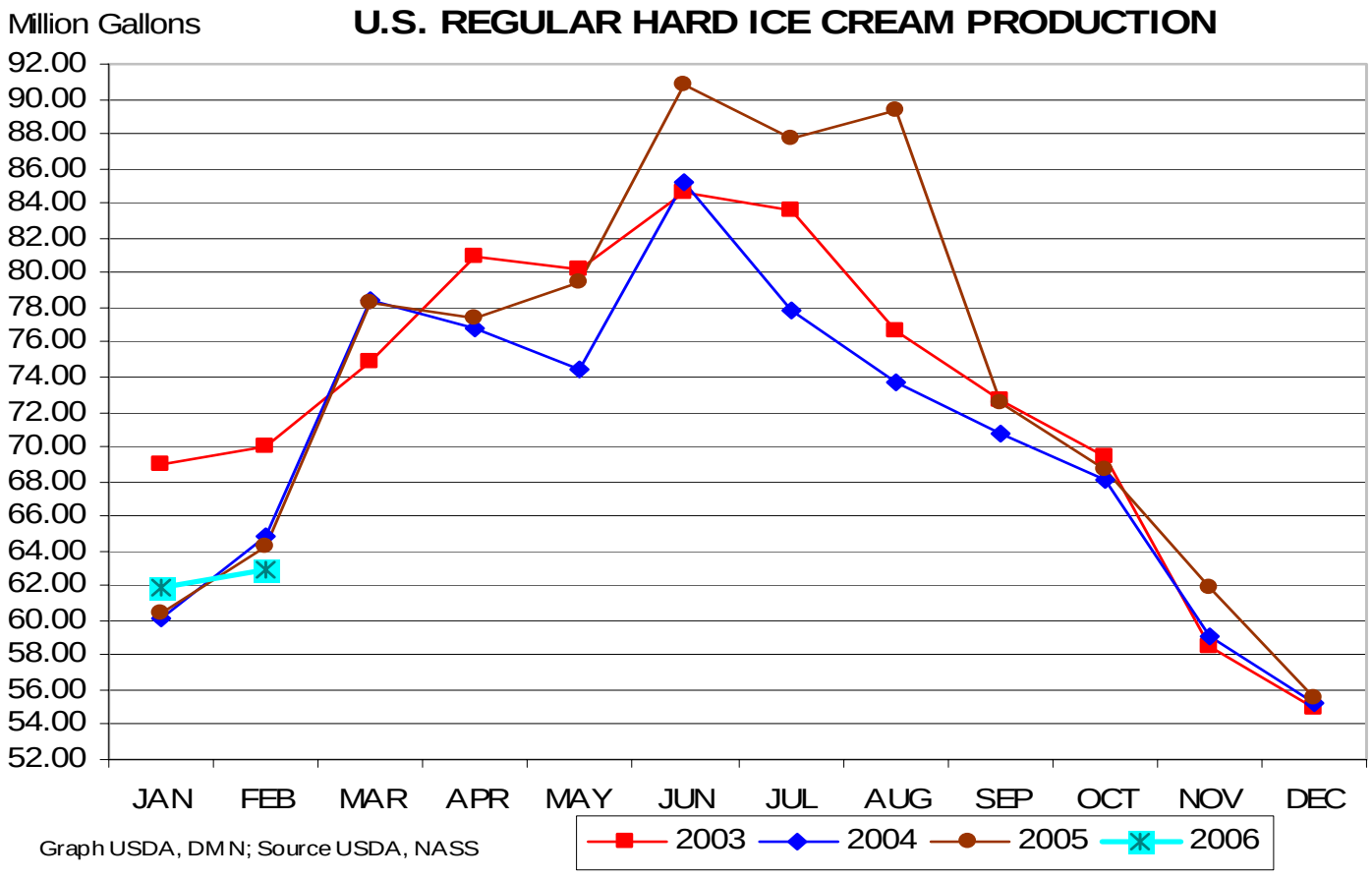
COMMERCIAL DISAPPEARANCE: TOTAL MILK AND SELECTED DAIRY PRODUCTS—NOVEMBER-JANUARY 2004/06 AND YEAR-TO-DATE 2004-2005 1/

Item	Nov.-Jan. 2004/05	Percent change 2/	Nov.-Jan. 2005/06	Percent change 2/	Jan.-Dec. 2004	Percent change 2/	Jan.-Dec. 2005	Percent change 2/
	Million Pounds							
MILK								
Production	42,567	1.2	44,417	4.3	170,934	0.0	176,989	3.8
Marketings	42,287	1.2	44,139	4.4	169,815	0.0	175,884	3.9
Beginning Commercial Stocks 3/	8,995	-8.1	8,899	-1.1	8,333	-15.8	7,154	-14.1
Imports 3/	1,411	0.5	1,545	9.5	5,279	4.7	4,640	-12.1
Total Supply 4/	52,693	-0.5	54,583	3.6	183,427	-0.7	187,678	2.6
Ending Commercial Stocks 3/	7,953	-19.6	9,054	13.8	7,154	-14.1	7,991	11.7
Net Removals 3/	-7	-84.1	0	100.0	-64	-105.5	-39	-39.1
Commercial Disappearance 4/	44,747	3.6	45,532	1.8	176,337	0.7	179,726	2.2
SELECTED PRODUCTS 5/								
Butter	387.5	8.9	384.3	-0.8	1,355.4	3.3	1,356.9	0.4
American Cheese	1,006.1	10.5	989.5	-1.6	3,805.7	3.7	3,788.7	-0.2
Other Cheese	1,443.3	4.5	1,476.0	2.3	5,540.6	3.3	5,699.7	3.2
Nonfat Dry Milk	327.6	46.8	275.1	-16.0	1,315.0	43.4	1,258.8	-4.1
Fluid Milk Products 6/	14,155.8	0.2	14,116.1	-0.3	54,575.5	-1.0	54,542.8	0.2

1/ Commercial disappearance includes civilian and military purchases of milk and dairy products for domestic and foreign use, but excludes farm household use and USDA donations of dairy products. Disappearance is a residual figure and therefore can be affected by any inaccuracies in estimating milk production, on-farm use, stocks, and imports. 2/ From year earlier on a daily average basis. 3/ Milk-equivalent, milkfat basis. 4/ Totals may not add because of rounding. 5/ Commercial disappearance in product pounds. 6/ Sales. Estimate based on actual sales in Federal milk order marketing areas and California. These sales figures have not been adjusted for calendar composition. **SOURCE:** Economic Research Service, USDA. Fluid milk products - Agricultural Marketing Service, USDA.







Graph USDA, DMN; Source USDA, NASS

FEBRUARY FLUID MILK SALES

During February, about 4.3 billion pounds of packaged fluid milk products is estimated to have been sold in the United States. This was 1.2 percent higher than February 2005. On an individual product basis, sales of reduced fat (2%) milk, low fat milk (1%), fat-free (skim) milk, and buttermilk increased from February 2005, while sales of whole milk, flavored whole milk, and flavored fat-reduced milk decreased from a year earlier.

Editor's Note: Additional data can be found at **http://www.ams.usda.gov/dyfmos/mib/in-areasales.htm**. Revised data for January 2006 can also be found at that location.

ESTIMATED TOTAL U.S. SALES OF FLUID MILK PRODUCTS, FEBRUARY 2006, WITH COMPARISONS 1/

Product Name	Sales		Change from: 2/	
	February	Year to Date	Previous Year	Year to Date
	Mil. Lbs.		Percent	
Whole Milk	1,307	2,759	-1.8	-2.1
Flavored Whole Milk	55	118	-5.7	-2.5
Reduced Fat Milk (2%)	1,409	2,966	3.8	3.0
Low Fat Milk (1%)	515	1,076	3.8	1.9
Fat-Free Milk (Skim)	645	1,346	3.6	2.5
Flavored Fat-Reduced Milk	334	692	-1.2	1.1
Buttermilk	42	85	3.5	1.3
Total Fluid Milk Products 3/ 4/	4,325	9,075	1.2	0.8
Total Fluid Milk Products Adjusted 3/ 4/ 5/	4,325	9,127	1.2	0.7

1/ These figures are representative of the consumption of fluid milk products in Federal milk order marketing areas and California, which accounts for approximately 92 percent of total fluid milk sales in the United States. An estimate of total U.S. fluid milk sales is derived by interpolating the remaining 8 percent of sales from the Federal milk order and California data. 2/ Percent changes, as well as sales volumes, unless otherwise noted, are shown on an unadjusted basis; see 4/. 3/ Total fluid milk products include the products listed plus miscellaneous products and eggnog. 4/ Percent changes are based on comparable markets – markets where the orders were in effect the entire applicable two-year period; does not include the Appalachian order which was expanded in November 2005. 5/ Sales volumes and percent changes have been adjusted for calendar composition; see http://www.ams.usda.gov/dyfmos/mib/clndr_comp_rpt.pdf

PACKAGED SALES OF TOTAL FLUID MILK PRODUCTS IN FEDERAL MILK ORDERS AND CALIFORNIA, FEBRUARY 2006, WITH COMPARISONS 1/

Area (Order Number)	Sales		Change from: 2/	
	February	Year to Date	Previous Year	Year to Date
	Mil. Lbs.		Percent	
Northeast (001)	741	1,548	-0.9	-0.9
Appalachian (005) 3/	284	593	6.6	4.4
Southeast (007)	393	833	3.2	3.7
Florida (006)	237	496	-1.4	-1.6
Mideast (033)	496	1,038	0.3	0.2
Upper Midwest (030)	350	730	2.0	0.4
Central (032)	371	780	3.9	2.0
Southwest (126)	338	715	2.7	2.7
Arizona-Las Vegas (131) 4/	104	216	4.8	3.7
Pacific Northwest (124)	167	354	4.5	1.8
California (---)	498	1,046	-0.1	0.0

1/ These figures are representative of the consumption of total fluid milk products in the respective area; see 3/ above for the products included. 2/ Percent changes, as well as sales volumes, are shown on an unadjusted basis; see 5/ above.
3/ Percent changes for this market are not comparable due to an expansion in the marketing area; see 4/ above.
4/ The in-area sales data for this order does not include all the sales in the marketing area due to the reporting exemption of fluid milk processors located in Clark County, Nevada.

SOURCE: Monthly reports filed by milk processors subject to the provisions of the applicable Federal milk order, AMS, USDA, and *California Dairy Information Bulletin*, California Agricultural Statistics Service and Milk Stabilization Branch.

CCC PURCHASES OF DAIRY PRODUCTS (POUNDS)

	FOR THE WEEK OF APRIL 3 - 7, 2006			CUMULATIVE TOTALS		UNCOMMITTED INVENTORIES	
	TOTAL PURCHASES	CONTRACT ADJUSTMENTS	ADJUSTED PURCHASES	SINCE 10/01/05	SAME PERIOD LAST YEAR	WEEK ENDING 03/31/06	SAME PERIOD LAST YEAR
BUTTER							
Bulk	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Packaged	-0-	-0-	-0-	-0-	-0-	-0-	-0-
TOTAL	-0-	-0-	-0-	-0-	-0-	-0-	-0-
CHEESE							
Block	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Barrel	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Process	-0-	-0-	-0-	-0-	-0-	-0-	-0-
TOTAL	-0-	-0-	-0-	-0-	-0-	-0-	-0-
NONFAT DRY MILK							
Nonfortified	-0-	-0-	-0-	1,306,646	31,817,269	-0-	-0-
Fortified	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Instant	-0-	-0-	-0-	-0-	-0-	-0-	-0-
TOTAL	-0-	-0-	-0-	1,306,646	31,817,269	-0-	-0-

MILK EQUIVALENT, FAT SOLIDS BASIS, OF ADJUSTED PURCHASES (MILLION POUNDS)

	MILKFAT* BASIS	SKIM** SOLIDS		MILKFAT* BASIS	SKIM** SOLIDS
WEEK OF APRIL 3 - 7, 2006 =	0.0	0.0	COMPARABLE PERIOD IN 2005 =	0.0	0.0
CUMULATIVE SINCE OCTOBER 1, 2005 =	0.3	15.2	CUMULATIVE SAME PERIOD LAST YEAR =	7.0	370.4
CUMULATIVE JANUARY 1 - APRIL 07, 2006 =	0.3	15.2	COMPARABLE CALENDAR YEAR 2005 =	0.0	0.0

* Factors used for Fat Solids Basis - Butter times 21.80; Cheese times 9.23; and Nonfat Dry Milk times 0.22
**Factors used for Skim Solids Basis - Butter times 0.12; Cheese times 9.90; and Nonfat Dry Milk times 11.64

CCC ADJUSTED PURCHASES FOR THE WEEK OF APRIL 3 – 7, 2006 (POUNDS)

	BUTTER		CHEESE			NONFAT DRY MILK	
REGION	BULK	PACKAGED	UNSALTED	BLOCK	BARREL	PROCESS	NONFORTIFIED	FORTIFIED
CENTRAL	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
WEST	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
EAST	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-

CCC ADJUSTED PURCHASES SINCE 10/1/05 AND SAME PERIOD LAST YEAR (POUNDS) AND MILK EQUIVALENT AS A PERCENT OF TOTAL

	BUTTER		CHEESE		NONFAT DRY MILK		MILK EQUIVALENT (%)	
REGION	2005/06	2004/05	2005/06	2004/05	2005/06	2004/05	2005/06	2004/05
CENTRAL	-0-	-0-	-0-	-0-	-0-	1,331,567	-0-	4.2
WEST	-0-	-0-	-0-	-0-	1,306,646	29,415,099	100.0	92.4
EAST	-0-	-0-	-0-	-0-	-0-	1,070,603	-0-	3.4
TOTAL	-0-	-0-	-0-	-0-	1,306,646	31,817,269	100.0	100.0

SUPPORT PURCHASE PRICES FOR DAIRY PRODUCTS PRODUCED ON OR AFTER NOVEMBER 15, 2002

MANUFACTURING MILK Average Test 3.67% - $9.90 per cwt.

BUTTER Bulk $1.0500 per pound; 1# Prints $1.0850
CHEESE 40 & 60# Blocks $1.1314 per pound; 500# Barrels $1.1014; Process American 5# $1.1889; Process Am. 2# $1.2289
NONFAT DRY MILK Nonfortified $.8000 per pound; Fortified $.8100; Instant $0.9625

U.S. Dairy & Total Cow Slaughter under Federal Inspection, by Regions, for Week Ending 03/18/06 & Comparable Week 2005

Regions* (000 HEAD)	1	2	3	4	5	6	7	8	9	10	U.S. TOTAL WEEK	U.S. TOTAL SINCE JAN 1	% DAIRY OF ALL WEEK	% DAIRY OF ALL SINCE JAN 1
2006-Dairy	N.A.	0.5	6.5	2.6	14.2	2.3	0.1	N.A.	16.0	1.8	44.9	530.5	47.2	46.4
2005-Dairy	N.A.	0.6	6.4	2.3	14.2	2.8	0.7	N.A.	13.2	2.5	43.7	569.6	49.1	49.5
2006-All cows	N.A.	0.5	7.6	10.5	25.6	16.2	11.8	N.A.	17.7	2.3	95.1	1,143.3		
2005-All cows	N.A.	0.7	7.9	10.3	27.1	10.9	11.2	N.A.	14.1	4.2	89.0	1,151.1		

SOURCE: The slaughter data are gathered and tabulated in a cooperative effort by the Agricultural Marketing Service, The Food Safety and Inspection Service, and the National Agricultural Statistics Service, all of USDA.

CLASS III MILK PRICES,(3.5% BF)

YEAR	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
2002	11.87	11.63	10.65	10.85	10.82	10.09	9.33	9.54	9.92	10.72	9.84	9.74
2003	9.78	9.66	9.11	9.41	9.71	9.75	11.78	13.80	14.30	14.39	13.47	11.87
2004	11.61	11.89	14.49	19.66	20.58	17.68	14.85	14.04	14.72	14.16	14.89	16.14
2005	14.14	14.70	14.08	14.61	13.77	13.92	14.35	13.60	14.30	14.35	13.35	13.37

FEDERAL MILK ORDER CLASS PRICES FOR 2006 (3.5% BF)

CLASS	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
I 1/	13.38	13.38	12.49	11.22								
II	13.25	12.62	11.69									
III	13.39	12.20	11.11									
IV	12.20	11.10	10.68									

1/ Specific order differentials to be added to this base price are located at www.ams.usda.gov/dyfmos/mib/cls_prod_cmp_pr.htm

AG POLICY BRIEFS

FREQUENTLY ASKED QUESTIONS ABOUT THE WTO

By Robert L. Thompson

1. In general, what is the WTO?

The World Trade Organization (WTO) is a voluntary association of 149 countries which meet periodically (in what are known as "rounds" of negotiations) for the purpose of setting the rules of the road of international trade by which all of its members agree to behave. The purpose of each round of negotiations is to review the existing rules and revise them if there is perceived to be need for change. All decisions in the WTO are taken by consensus of all members (not by majority vote as occurs in many of the other international organizations to which the United States belongs).

The WTO, which has its headquarters in Geneva, Switzerland, has three basic functions:

1. It organizes and staffs the periodic rounds of international trade negotiations.

2. It organizes a dispute settlement process when one member country accuses another of violating one or more of the rules of international trade that all had agreed to abide by in the most recent round of negotiations.

3. It organizes periodic reviews of every member country's trade policies to be sure they are consistent with the existing international trade rules.

2. Why is it important for the U.S. to follow the WTO trade rules?

Having a rules-based international trading system benefits all countries by keeping trade flowing as smoothly as possible without unfair impediments or facilitation by government interventions. It is also important to have an international trade dispute settlement procedure with real teeth when some member country is violating the rules of the game.

3. Who started the organization and why? How was the United States involved?

The World Trade Organization, which came into being in its present incarnation in 1995 was created by the Uruguay Round of international trade negotiations, which was carried out under the auspices of the WTO's predecessor organization, the General Agreement on Tariffs and Trade (GATT). The United States played a leading role in that round of trade negotiations and was a principal author of the Uruguay Round Agreement, which defines the current rules of international trade.

In the waning days of World War II in 1944, some leading economic thinkers from the Allied powers concluded that the world was in need of several new institutions to deal with problems that had prolonged and deepened the Great Depression and probably contributed to the outbreak of World War II, in particular the cycle of increasing protectionism that had put international trade into a downward spiral in the 1930s. At an international conference in Bretton Woods, New Hampshire, in 1944, the need for an "International Trade Organization" was identified, however that entity was stillborn. Nevertheless, the basic need for a rules-based international trading system remained, and, at a meeting in Geneva in 1947, the principal post-war economic powers, including the United States, agreed upon a set of basic rules for international trade, which came to be known as the General Agreement on Tariffs and Trade (GATT).

4. Who wrote the WTO rules that we hear about? What authority do those rules have over the U.S. ?

The present rules of international trade are those agreed to in 1994 by consensus of all member countries in the Uruguay Round of international trade negotiations. This was the last round conducted under the auspices of the GATT. In the years between 1947 and the Uruguay Round, there were six rounds of GATT negotiations, each of which updated and further refined the existing rules of international trade. During this period significant liberalization of trade in manufactured products occurred as the provision of export subsidies was banned and import tariffs on most manufactured goods were gradually lowered to today's relatively insignificant levels.

It is noteworthy that agricultural products were given an exemption from many of the early international trade rules in the GATT. It was first in the Uruguay Round during 1986 to1994, with strong leadership from the United States, that trade in agricultural products started to be brought under many of the trading rules to which other sectors had be subjected for decades. For the first time, agricultural export subsidies were disciplined, with each country accepting a cap (in both value and volume terms) which was reduced over time.

With strong US pressure, for the first time domestic agricultural supports which are linked to the volume of production of *specific* commodities were recognized as potentially trade distorting. Each country accepted a cap on the total amount it could spend on

continued

trade-distorting domestic subsidies (“amber box”), and this cap was reduced over time. (No limit was placed on government support provided to agriculture through measures that are unrelated to the production of any specific commodity (“green box”). Also, if a country was offsetting the output- inducing effect of supports linked to the production of specific commodities by means of a mandatory set-aside or marketing quota, then those measures did not have to be counted against the cap (“blue box”).)

The Uruguay Round Agreement on Agriculture also included several other new features. All quotas and other non-tariff barriers to imports of agricultural products were to be converted to tariffs and reduced over time. In addition, all restrictions on agricultural imports for the purpose of protecting plant or animal health now have to be based on sound scientific evidence.

The United States was a leader in the Uruguay Round of negotiations and was a principal author of a number of changes which were accepted by all members in the final agreement. It should be emphasized, however, that in the end, any trade agreement is a delicately politically balanced set of gives and takes from all the participants in the negotiations. This is why it is so important that each new trade agreement go to the Congress as a whole for one up-or-down vote on the entire package, as allowed under Trade Promotion (“fast-track” negotiating) Authority. If Congress were to start picking an agreement apart, the whole deal would come unraveled.

Once a trade agreement is approved by a majority of members of the Senate and of the House of Representatives and is signed by the President, it becomes part of U.S. trade law.

5. What are the benefits/consequences of complying or not? What happens if a country doesn't comply?

When one WTO-member country accuses another of violating one or more of the existing WTO rules, the WTO first tries to resolve their differences through mediation. If that fails, the WTO appoints a “panel” of international trade experts and lawyers from countries which have no interest in either side of the case to hear the evidence brought by both the accused and the accusing countries. After weighing the evidence presented by both sides, the panel issues its findings in a report. If either side (or both) is unsatisfied with the outcome, the panel's decision can be appealed to the WTO's Appellate Body, comprised only of international trade lawyers, which in effect functions as the supreme court of international trade. Because trade agreements sometimes contain fuzzy language, the panels and the Appellate Body are building up a body of case law, just as any individual country's court system does.

If a country loses a case in the WTO, it is expected to bring its offending policy into alignment with the existing rules of international trade within a specified period of time. The WTO cannot force any country to change its policy. However, if a country refuses to change a policy found to be in violation of WTO rules, then the WTO can authorize the country which won the case to collect compensation for the losses it suffered as a result of the offending policy by imposing duties on goods it imports from the country found to be in violation of WTO rules. There is no presumption that the goods on which the duties are assessed have any relationship to the product in which the violation was found. Most countries act strategically by choosing products for taxation that are politically powerful in the country that lost the case, with the objective of bringing greater political pressure on that country's government to change the offending policy.

6. What is the Doha Round, and why do we hear it mentioned so often?

The Doha Round of trade negotiations, which has been underway since 2001, is the most recent series of meetings in which the countries that belong to the WTO are reviewing the existing rules of international trade as set in the Uruguay Round Agreement and considering what, if any, changes are merited. (Rounds of trade negotiations are generally named after the place where the round is launched, in this case, Doha, Qatar.) Until the 149 member countries participating in this round reach consensus on changes to be made, the rules of international trade defined in the Uruguay Round Agreement will continue in effect. While the round is attempting to further liberalize trade in manufactured products, there is special emphasis in this round on reducing barriers to trade in agriculture and services.

Conceptually the Uruguay Round went a long way in bringing trade in agricultural products under the rules-based WTO system, however the agreement was riddled with loopholes, and in reality very little liberalization of agricultural trade occurred as a result of that agreement. We hear the Doha Round mentioned frequently now because the negotiations, which have languished for several years, are reaching a critical point. The target date for agreeing on the basic guidelines by which each WTO member country will be expected to change its trade and domestic agricultural policies is April 30, 2006. Most observers expect the negotiators to miss that target, but we should expect intense activity over the coming weeks or months.

continued

7. Is there a link between the Doha Round and the 2007 Farm Bill?

The United States has made it clear that its highest priority for agriculture in the Doha Round of trade negotiations is to gain greater market access into other countries' markets, whether by reductions in their import tariffs or increases in their import quotas. The U.S. has also pressed hard to have export subsidies banned in agricultural trade, just as they have been for other types of products for several decades. In exchange for such concessions from other countries, the U.S. has offered to significantly reduce the cap on its *trade-distorting* domestic agricultural supports, i.e. those in which the amount of support is linked to the volume of production of *specific* commodities. Contrary to many media reports, the U.S. did *not* propose to completely eliminate all agricultural supports, just those linked to production of specific commodities. (Actually the U.S. offered to completely eliminate trade-distorting supports over 15 years if it can get big enough concessions from other countries in market access.)

If the Doha Round Agreement on Agriculture includes a significant reduction in (or even elimination of) trade-distorting domestic supports, there would be significant implications for writing the 2007 farm bill, because this would directly affect marketing loans, loan deficiency payments (LDPs), and counter-cyclical payments. Dollars now being paid out to farmers through these programs would need to be rechanneled via direct payments or via some other mechanism that could be counted as green box, e.g. conservation, rural infrastructure, research, or some form of farm revenue assurance.

8. Is there a link between the WTO cotton decision and future corn and soybean programs?

In looking towards the 2007 farm bill, it is important to keep one other thing in mind related to the WTO. In 2003, Brazil took a case to the WTO against the U.S. cotton program, alleging among other things, that marketing loans, LDPs, and counter-cyclical payments had stimulated larger production of cotton in the U.S. than would otherwise have occurred, and that, when this cotton was pushed out into the world market, it had depressed the world price of cotton and in turn hurt Brazil's cotton producers, who get their entire income from the market. The U.S. lost this case, and the WTO agreed with Brazil on all of these points.

While the Midwest doesn't produce cotton, this case has very real implications for it because the corn and soybean programs have many of the same features as the cotton program that were found to be inconsistent with current agricultural trade rules as defined in the Uruguay Round Agreement of Agriculture. If the Doha Round should fail to come to closure, there is a significant possibility that other countries will take cases to the WTO against other U.S. commodity programs, including rice, corn and perhaps soybeans. One possible scenario is that the U.S. can either give these features up in the negotiations and receive concessions from other countries in exchange for them, or risk losing them through litigation and get nothing for giving them up.

The WTO decision on the Brazil cotton case has one other important implication for the 2007 Farm Bill. The WTO found that the United States ' direct payments violate the definition of decoupled (green box) payments (of which, parenthetically, the U.S. was the principal author). For payments to come in under the definition of green box payments, there can be no relationship whatsoever between the payment and production of any *specific* commodity. Under current U.S. farm policy a farmer cannot receive direct payments if he/she grows fruits or vegetables on the land for which the payment is received. This exclusion will need to be eliminated in the next farm bill, or all the money American farmers receive in the form of direct payments will have to be counted under the U.S. amber box cap.

Source: *Illinois Ag Policy Briefs*, Department of Agricultural and Consumer Economics, University of Illinois at Urbana-Champaign, Robert L. Thompson, March 2006, APB 06-01

All of the *Ag Policy Briefs* are available in the *farmdoc* Policy section at: http://www.farmdoc.uiuc.edu/policy/index.html